CANADIAN TIRE

ANNUAL REPORT 1980

CANADIAN TIRE CORPORATION, LIMITED

Highlights at a glance

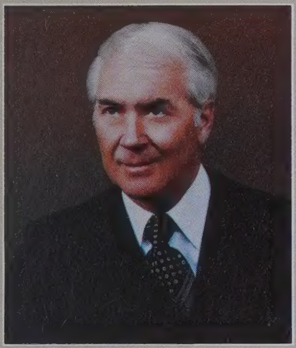
Dollars in thousands (except per share amounts)

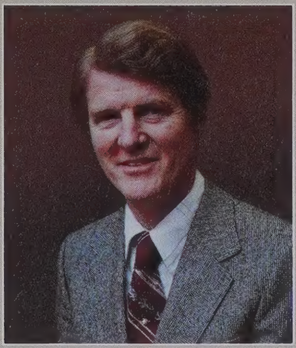
	1980	1979	Annual Change
Gross operating revenue	$1,057,536	$935,753	13.0%
Pre-tax income	$ 72,240	$ 69,583	3.8%
Taxes on income	$ 34,513	$ 33,070	4.4%
Income before extraordinary gain	$ 37,727	$ 36,513	3.3%
Net income	$ 38,628	$ 38,708	(0.2%)
Cash dividends	$ 8,487	$ 7,017	20.9%
Income retained and reinvested	$ 30,141	$ 31,691	(4.9%)
Per share:			
Income before extraordinary gain	$ 3.07	$ 3.07	—
Net income	$ 3.14	$ 3.26	(3.7%)
Cash dividends	$ 0.69	$ 0.59	16.9%
Shareholders' equity	$ 26.75	$ 24.20	10.5%

Contents

Sur simple demande, nous nous ferons un plaisir de vous faire parvenir la version française du présent rapport.

Canadian Tire Corporation, Limited Home Office: 2180 Yonge Street, Toronto, Ontario M4P 2V8


A. E. BARRON


A. D. BILLES


A. W. BILLES

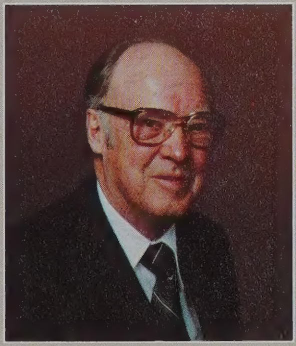

M. GARDINER BILLES


D. E. BROWN


J. W. KRON


R. LAW, Q.C.


J. D. MUNCASTER


A. L. SHERRING, C.A.

Board of Directors

A. E. BARRON
Chairman of the Board
President, Canadian General Investments, Limited

A. D. BILLES
President, Bilco Tire Limited, Toronto, Canada
A Canadian Tire Associate Store Owner

A. W. BILLES
President, 839 Yonge Main Store Limited
Toronto, Canada
A Canadian Tire Associate Store Owner

MARTHA GARDINER BILLES
President, Marowe Investment Corporation, an investment holding company

D. E. BROWN
President, Romay Automotive Limited, Ottawa, Canada
A Canadian Tire Associate Store Owner

J. W. KRON
Executive Vice-President

R. LAW, Q.C.
Secretary and General Counsel
Partner, Blackwell, Law, Spratt, Armstrong & Grass, Barristers and Solicitors

J. D. MUNCASTER,
President and Chief Executive Officer

A. L. SHERRING, C.A.
Formerly executive, National Trust Company, Limited, Toronto, Canada

D. G. BILLES
President, Performance Engineering, Thornhill, Canada
(Missing from Directors' photos)

Registrar & Transfer Agent
National Trust Company, Limited,
Toronto, Montreal & Calgary

Solicitors
Blackwell, Law, Spratt, Armstrong & Grass

Bankers
Canadian Imperial Bank of Commerce
The Toronto-Dominion Bank
Chicago City Bank and Trust Company

Auditors
Deloitte Haskins & Sells,
Chartered Accountants

Officers of the Company

A. E. BARRON, Chairman of the Board
S. J. BOCHEN, Vice-President, Distribution
J. F. CROWLEY, Vice-President, Marketing
P. B. EDMONSON, Vice-President, Dealer Relations
J. W. KRON, Executive Vice-President
R. LAW, Secretary and General Counsel
A. B. MALCOLM, Vice-President, Petroleum Marketing
J. D. MUNCASTER, President and Chief Executive Officer
F. Y. SASAKI, Vice-President, Finance and Treasurer
B. SETNOR, Vice-President, Management Information Services
C. D. SMITH, Assistant Treasurer

Major subsidiaries

Canadian Tire Acceptance Limited, B. R. WILSON, President
Cantire Products Limited, W. A. MOFFATT, President

Directors' report to the shareholders

In 1980, corporate gross operating revenue exceeded the $1 billion milestone by advancing to $1,057,536,000, a five-fold increase in the past decade. This achievement was highlighted by the results coming from our continuing expansion program in Western Canada and the substantial increases in gasoline volumes. To have recorded a revenue increase of $122 million, or 13.0%, is particularly gratifying in a year in which estimated dealer inventories on a same-store basis (excluding new, relocated and expanded stores) were reduced by 10.5%. This dealer inventory reduction was accomplished during a year in which the sales of these same stores increased by 12.0%, evidence of the effectiveness of the dealer inventory management programs now in place.

The total merchandise sales increase of our dealers of 13.8% in 1980 was the largest percentage sales gain since 1976 and was achieved in a difficult retail environment. Reduced prices and margins, along with aggressive advertising and promotion, were employed to attract extremely value-conscious consumers.

As reported previously, the consolidated net income of the Company before extraordinary gain amounted to $37,727,000, an increase of 3.3% over 1979. With a slightly larger number of shares outstanding in 1980, earnings per share before extraordinary gain were $3.07 in both years. Including gain on sale of property of $2,195,000 in 1979 and $901,000 in 1980, net income per share was $3.26 in 1979 and $3.14 in 1980.

This result was achieved despite a reduced gross margin, the effect of high interest rates on Canadian Tire Acceptance, and the adverse impact of dealer inventory reductions upon revenue growth. Offsetting these factors, operating expenses were reduced as a percentage of revenues and improved net asset utilization resulted in lower net interest expense for non-Acceptance Company activities. Performance of the gasoline marketing division continued strong.

Dealer profitability

One of the most essential attributes of the Canadian Tire concept is a highly motivated and financially strong dealer organization.

Under a program initiated in late 1978, the needs of dealers operating certain smaller and/or newer stores were addressed and, during 1980, improved operations permitted the repayment of some $5.0 million of the advances made under this program.

For dealers generally, 1980 was a highly satisfactory year as increased gross margins, high inventory turnover rates and improved productivity more than compensated for the effect of inflation upon operating costs. The competence, motivation and strength of our dealer organization is perceived to be one of our major assets in coping successfully with the difficult merchandising conditions of the early 1980's.

Capital expenditures

During the year, capital expenditures amounted to $41.1 million, an increase from $27.2 million the previous year. Included in this program was the opening of 15 new stores and the replacement of two existing outlets, along with a regional warehouse and auto parts depot in Edmonton and a feeder warehouse in Burnaby, B.C. Seven additional gasoline facilities were opened during the year.

The continuing westward thrust of our expansion program is evidenced not only by the warehouses in Edmonton and Burnaby, but by the opening of seven stores in the Lower Mainland area of British Columbia, five additional units in Alberta (in Fort McMurray, Fort Saskatchewan, Lloydminster, Medicine Hat and St. Albert), and a new store in Dauphin, Manitoba. Completing the 1980 store program were new units in Bramalea, Ontario and La Baie, Québec and replacement stores in St. Jean, Québec and New Minas, Nova Scotia.

In 1981 emphasis will continue in Western Canada as we pursue our goal of providing Canadian Tire facilities in all substantial markets from coast-to-coast. Although uncertainties always exist with respect to property purchases, zoning or permit acquisitions or labour disputes, we expect to complete 20 new units and eight relocations in 1981, with the majority of the new store activity again being in Western Canada.

Australian investment

During the year the Company's shareholding in McEwan's Limited, Australia's largest hardware retailer, was increased to 5,220,388 shares as a result of the Company exercising its option to receive 4,478,012 shares of McEwan's in settlement of advances made in 1979 to an Australian private company. In addition, the Company is the holder of an 11% note convertible into 1,443,915 shares of McEwan's. On conversion of the note and the exercise of options granted to McEwan's executives, the Company's interest in McEwan's would approximate 36.4%.

The operating performance of McEwan's has been disappointing with a pre-tax operating loss of $1,314,000 recorded in their fiscal year ended June 30, 1980. Income taxes payable by a subsidiary resulted in an after-tax operating loss of $1,837,000. Since the Company's principal shareholding was acquired subsequent to McEwan's last fiscal year, the investment in McEwan's will be accounted for using the equity method effective with McEwan's fiscal year commencing July 1, 1980. Dividends of McEwan's received during 1980, less costs associated with the acquisition of the Company's share

position, have been treated as a reduction of $229,000 in the carrying value of the investment.

Although some improvement has been demonstrated in the operating performance of McEwan's in the six months ended December 31, 1980, sluggish sales results have tended to offset the effect of improved gross margins and strict cost controls. While a number of corrective programs have been initiated, the outlook for their 1981 fiscal year remains unsatisfactory.

Financing

During the year, $22.0 million of promissory notes bearing interest rates of 12½% or 13½% and maturing between 1985 and 1995 were issued by our Acceptance Company to provide for the redemption of $17.5 million of promissory notes which became due in 1980. The funding of the Company's other activities required no external financing. Working capital increased by $24.3 million to $155.7 million during the year.

Dividends

The quarterly dividend payable on June 1, 1981 has been declared in the amount of 20 cents per share—an increase from the previous quarterly rate of 18 cents per share.

Appointments

Following the Annual Meeting in 1980 at which he did not stand for re-election as a Director of the Company, Mr. A. J. Billes, one of the founders of the business, was appointed an Honourary Director in recognition of his invaluable contribution to Canadian Tire over a span of almost 60 years.

At the 1980 Annual Meeting, Mrs. Martha Gardiner Billes, of Calgary, was elected a Director following her father's decision not to stand for re-election. We have appreciated her participation in the deliberations of the Board.

Late in 1980, Mr. John F. Crowley was appointed Vice-President, Marketing. Mr. Crowley brings to his new responsibility at Canadian Tire the experience gained in a long and distinguished career in retailing, both in Canada and the United States. His reporting relationship is to Mr. John W. Kron, Executive Vice-President of the Company.

Our people

1980 was a year in which the people of Canadian Tire responded admirably to an adverse set of conditions. Growth was difficult to achieve in a competitive marketplace and with dealer inventory reductions. New programs were undertaken within strict staffing constraints. Expense levels were contained well within prevailing rates of inflation. The contribution of many people is essential to the outcome of a year such as 1980, a year in which few hard-goods merchandise distributors were able to avoid significant earnings declines. The Directors appreciate the dedicated efforts of our people. Profit-sharing awards were maintained at last year's levels, expressed as a percentage of per employee earnings.

The outlook

1981 has started very strongly for Canadian Tire. Dealer sales for January and February increased by 25.7% over the previous year. The increase in corporate merchandise shipments for the first ten weeks of the first quarter has exceeded that of dealer sales. Our price positioning is effective and our advertising and promotion is creating increased store traffic. As a result, although the outlook for the economy generally and consumer spending in particular, is for modest growth, we are confident that our 1981 sales performance will outpace that of most merchandisers. Our dealer organization is optimistic and, with relatively low inventories entering the year, the outlook for corporate revenue gains is positive. We believe that 1981 will be a year of good performance.

Alex E. Barron, Chairman of the Board, and J. D. Muncaster, President.

Alex E. Barron J. D. Muncaster

On Behalf of the Board,
Dated March 18, 1981.

Consolidated Statement of Income and Retained Earnings

Year ended January 3, 1981

	1980 (53 weeks)	1979 (52 weeks)
	(Dollars in thousands)	
Gross operating revenue	**$1,057,536**	$935,753
Operating expenses		
Cost of merchandise sold and all expenses except for the undernoted items	**943,034**	827,487
Depreciation and amortization	**16,022**	15,718
Employee deferred profit sharing and share purchase plans	**7,265**	6,249
Interest		
Long-term debt		
Parent company	**11,279**	11,499
Acceptance company	**3,667**	2,162
Short-term financing		
Acceptance company	**7,950**	6,140
Other	**3,257**	1,689
	992,474	870,944
	65,062	64,809
Interest income (Note 7)	**7,178**	4,774
Income before income taxes and extraordinary gain	**72,240**	69,583
Income taxes		
Current	**34,157**	32,630
Deferred	**356**	440
	34,513	33,070
Income before extraordinary gain	**37,727**	36,513
Gain on disposals of property (less applicable income taxes: 1980—$303; 1979—$306)	**901**	2,195
Net income	**38,628**	38,708
Retained earnings, beginning of year	**224,300**	192,609
	262,928	231,317
Cash dividends	**8,487**	7,017
Retained earnings, end of year	**$ 254,441**	$224,300

Earnings per share before extraordinary gain	**$3.07**	$3.07
Earnings per share relating to gain on disposals of property	**0.07**	0.19
Earnings per share	**$3.14**	$3.26

Weighted average number of Class A and common shares outstanding	**12,296,671**	11,887,448

The accompanying notes, on pages 8 & 9, are an integral part of the financial statements.

Consolidated Statement of Changes in Financial Position

Year ended January 3, 1981

	1980 (53 weeks)	1979 (52 weeks)
	(Dollars in thousands)	
Sources of working capital		
Operations		
Income before extraordinary gain	**$ 37,727**	$ 36,513
Items not affecting working capital		
Depreciation and amortization	**16,022**	15,718
Amortization of long-term debt discount and issue expense	**175**	131
Amortization of goodwill	**151**	152
Deferred income taxes	**(223)**	440
	53,852	52,954
Advances to Canadian Tire dealers repaid	**4,991**	—
Obligation under capital lease	—	719
Issue of promissory notes—net	**4,500**	—
Issue of Class A shares	**11,088**	8,580
Decrease in mortgages receivable	**179**	755
Disposals of property and equipment	**3,619**	5,209
	78,229	68,217
Uses of working capital		
Additions to property and equipment	**41,098**	27,239
Increase in long-term portion of income debentures and term loans	—	31,710
Other investments	**(229)**	15,838
Decrease in mortgages and obligation under capital lease	**924**	1,135
Purchase of Sinking Fund Debentures for redemption	**3,550**	1,600
Cash dividends	**8,487**	7,017
Long-term debt issue expense	**136**	—
	53,966	84,539
Increase (Decrease) in working capital	**24,263**	(16,322)
Working capital, beginning of year	**131,469**	147,791
Working capital, end of year	**$155,732**	$131,469

The accompanying notes, on pages 8 & 9, are an integral part of the financial statements.

Consolidated Balance Sheet

January 3, 1981

ASSETS

	1980	1979
	(Dollars in thousands)	
Current assets		
Cash and short-term investments —at cost which approximates market value	**$ 67,643**	$ 15,312
Accounts and loans receivable	**85,783**	81,214
Merchandise inventories	**149,164**	133,407
	302,590	229,933
Acceptance company		
Charge account receivables	**128,907**	111,474
Other	**3,686**	1,965
Total current assets	**435,183**	343,372
Investments and advances (Note 3)	**44,151**	49,371
Property and equipment (Note 4)	**266,854**	244,496
Mortgages receivable	**848**	1,027
Goodwill	**303**	454
Long-term debt discount and issue expense	**1,062**	1,101
	$748,401	$639,821

The accompanying notes, on pages 8 & 9, are an integral part of the financial statements.

Incorporated under the Laws of the Province of Ontario

LIABILITIES AND SHAREHOLDERS' EQUITY

	1980	1979
	(Dollars in thousands)	
Current liabilities		
Bank indebtedness ($6,350 secured)	**$ 7,420**	$ —
Accounts payable	**92,035**	75,632
Accrued liabilities and coupons outstanding	**52,901**	47,915
Income taxes payable	**33,682**	9,596
Loans payable to directors and shareholders	**4,008**	2,935
Current portion of long-term debt	**1,525**	637
	191,571	136,715
Acceptance company		
Bank loan	**354**	1,480
Short-term promissory notes	**83,574**	67,032
Accounts payable	**3,952**	6,583
Income taxes payable	**—**	93
Total current liabilities	**279,451**	211,903
Long-term debt (Note 5)	**136,387**	136,361
Deferred income taxes	**3,599**	3,822
Shareholders' equity		
Share capital (Note 6)	**74,523**	63,435
Retained earnings	**254,441**	224,300
	328,964	287,735
	$748,401	$639,821

Approved by the Board: J. D. MUNCASTER, *Director;* A. L. SHERRING, *Director.*

Notes to the consolidated financial statements

1 Amalgamation

Effective January 1, 1980, the company amalgamated with four of its subsidiary companies, Mor Power Sales & Services Limited, Canadian Tire Travel Service Limited, Motomaster Limited and Timberline Home Centres Limited.

2 Significant Accounting Policies

Accounting period: The company's financial year consists of a fifty-two or fifty-three week period ending on the Saturday closest to December 31. The financial year of the subsidiaries ends on December 31.

Principles of consolidation: The consolidated financial statements include the accounts of Canadian Tire Corporation, Limited and its subsidiaries, all of which are wholly owned.

Merchandise inventories: Merchandise inventories are valued at the lower of cost and estimated net realizable value less normal profit margin, with cost being determined substantially on a first-in, first-out basis.

Property and equipment: Property and equipment are stated at cost. Depreciation is provided under the declining-balance method at various annual rates (buildings—5% and 10%, fixtures and equipment—10% to 20%, and automotive and computer equipment—30%). Amortization of leasehold improvements is provided on a straight-line basis over the terms of the respective leases. A full year's depreciation is provided on all retail stores opened during the year, or under construction at the year end. Depreciation of major warehouse facilities is commenced in the month the facilities are placed into service. Internal development costs, interest and realty taxes pertaining to construction in progress and land held for development are expensed as incurred.

Leased property and equipment: Property and equipment leased after December 31, 1978 on terms which transfer substantially all of the benefits and risks of ownership to the company are accounted for as "capital leases", as though an asset had been purchased and a liability incurred. Amortization is provided on a straight-line basis over the estimated useful life. Other leased assets are accounted for as operating leases.

Goodwill: Goodwill arising on the acquisition of a subsidiary company is recorded at cost less accumulated amortization which is being provided on a straight-line basis over a period of seven years.

Translation of foreign currency: Current assets and liabilities in foreign currencies are translated at the rates in effect at the balance sheet date. The investments in the ordinary shares of and the advances to McEwan's Limited are translated at applicable historical rates.

Long-term debt discount and issue expense: Debt discount and issue expense is amortized over the terms of the debt such that the stated interest together with the amortization will always yield a consistent effective borrowing rate.

Income taxes: The company accounts for income taxes using the deferral method of tax allocation, under which income taxes are provided in the year transactions affect net income, regardless of when such transactions are recognized for tax purposes.

Earnings per share: The earnings per share figures are calculated using the weighted average number of shares outstanding during the year.

3 Investments and Advances

	1980	1979
	(Dollars in thousands)	
Advances to Canadian Tire dealers—less amounts due within one year—at cost	$28,542	$33,533
Other investments	15,609	15,838
	$44,151	$49,371

Other investments:

During the year, Bartdon Pty. Ltd., of Australia, delivered 4,478,012 ordinary shares of McEwan's Limited (McEwan's) in settlement of advances from the company to Bartdon totalling $11,275,000. These shares, together with the 742,376 shares acquired in 1979, represent approximately 35.8% of the outstanding ordinary shares of McEwan's.

In connection with the Australian investment, the company advanced $2,790,000 in 1979 to McEwan's in the form of a five year 11% note. At any time prior to the maturity date, the company has the option to convert the note into 1,443,915 ordinary shares. On conversion of the note and after the options granted by the company on 824,065 shares to executives of McEwan's are exercised, the company's interest in McEwan's would approximate 36.4%.

The fiscal year end of McEwan's is June 30. The company will account for its investment in McEwan's using the equity method effective with McEwan's fiscal year commencing July 1, 1980. The company's proportionate share of McEwan's earnings will be reflected six months in arrears in the company's financial statements.

The company's cost of shares acquired was approximately $560,000 less than the company's proportionate share of the fair value of the underlying net assets of McEwan's. This amount has been applied to the fair values assigned to McEwan's identifiable fixed assets.

4 Property and Equipment

	1980	1979
	(Dollars in thousands)	
Land	$ 65,277	$ 55,339
Buildings	229,873	207,928
Fixtures and equipment	58,924	54,906
Leasehold improvements	11,410	10,317
	365,484	328,490
Less accumulated depreciation and amortization	98,630	83,994
	$266,854	$244,496

Capital leases: The company has adopted the recommendations of the Accounting Research Committee of the Canadian Institute of Chartered Accountants in respect of capital lease transactions. Retroactive change in the application of this accounting policy has not been made for years prior to 1979 as the effect on earnings is not material. Accordingly, leases entered into prior to 1979 have been treated as operating leases. Had these leases been accounted for as capital leases, assets under capital leases for 1980, net of accumulated amortization, would have increased by $4,341,000 and obligations under capital leases would have increased by $4,232,000.

Minimum rental payments under the capital lease amount to $91,000 in each of the next five years, and aggregate $1,719,000 thereafter. The present value of minimum rental payments, net of the current portion of $13,000, amounts to $713,000.

The gross amount of the capital lease at January 3, 1981 relates to a building valued at $732,000. The related long-term obligation is included in long-term debt (Note 5).

5 Long-term Debt

Long-term debt comprises the following:

	1980	1979
	(Dollars in thousands)	
Promissory notes of acceptance company at rates from 9% to 13½% maturing at various dates to 1995	$ 27,000	$ 22,500
Mortgages and obligation under capital lease —less amounts due within one year	2,937	3,861
Sinking Fund Debentures (unsecured):		
8½% Series A, maturing June 1, 1991	12,300	13,000
9¼% Series B, maturing July 15, 1994	25,350	27,000
10¾% Series C, maturing August 15, 1995	28,800	30,000
10% Series D, maturing August 15, 1997	40,000	40,000
	106,450	110,000
	$136,387	$136,361

Mortgages: Mortgages have been assumed on the acquisition of 12 properties. These liabilities mature at various dates extending to 1987, and bear interest at various rates up to 10%.

Sinking Fund Debentures: The Sinking Fund Debentures are redeemable, in whole or in part, at various premium rates which decline annually.

Under the Trust Indentures, sinking funds must be provided to redeem principal amounts of each series by annual payments in certain years during which the Sinking Fund Debentures are outstanding, as follows:

Series	Annual Amount (Dollars in thousands)	Redemption Period
A	$ 500	1981 - 1991
B	$1,500	1981 - 1993
C	$1,200	1981 - 1994
D	$2,000	1983 - 1997

In addition to the mandatory sinking fund requirements, the company annually has the non-cumulative right to make optional sinking fund payments during the retirement period sufficient to retire additional Series A Debentures of a principal amount not in excess of $250,000 and additional Series C Debentures of a principal amount not in excess of $300,000.

The Trust Indentures impose certain restrictions on the company. To January 3, 1981, all of the conditions of the Trust Indentures have been met.

Repayment requirements: At January 3, 1981 the company had met certain sinking fund requirements of future years. After giving effect to these advance fundings, annual maturities and mandatory sinking fund requirements in respect of long-term debt for each of the next five years are as follows (dollars in thousands):

Year	Acceptance company	Other	Total
1981	—	$1,514	$ 1,514
1982	$5,000	$3,537	$ 8,537
1983	—	$5,602	$ 5,602
1984	—	$5,684	$ 5,684
1985	$7,000	$5,579	$12,579

6 Share Capital

	1980	1979
Authorized	*(Dollars in thousands)*	
15,000,000 Class A non-voting shares without par value		
3,450,300 common shares without par value		
Issued and fully paid		
8,957,803 Class A shares (1979—8,517,179)	$73,631	$62,543
3,450,000 common shares	892	892
	$74,523	$63,435

Issue of Class A Shares: During 1980, the company issued 440,624 Class A shares for cash in the total amount of $11,088,000. All of these shares were issued in accordance with the conditions below.

Conditions of Class A Shares: The conditions attached to the Class A shares prohibit the issue of Class A shares unless either:

(a) such shares are being issued to, or for the benefit of, employees of the company, or employees of any subsidiary, or authorized dealers, or the employees of authorized dealers, pursuant to a scheme or plan in existence at such time; or

(b) the authorization of the holders of Class A shares shall first have been obtained.

The holders of Class A shares are entitled to receive a preferential cumulative dividend at the rate of 4 cents per share per annum and, after payment of a dividend on each of the common shares at a similar rate, are entitled to participate, pro rata, in further dividends declared and paid in each year.

Share options: Under a share option arrangement, certain senior officers engaged directly in the management of the company were granted options to purchase Class A shares of the company, as follows:

Date Granted	Expiry Date	Price	Number of Shares
February 26, 1971	March 31, 1981	$24.975	13,393
February 29, 1972	February 28, 1982	$35.325	12,603
February 28, 1973	February 28, 1983	$54.900	12,797
February 28, 1974	February 28, 1984	$40.950	14,411
January 2, 1975	January 2, 1985	$34.537	34,375
January 2, 1976	January 2, 1986	$41.175	28,483
January 3, 1977	January 3, 1987	$38.475	23,315
			139,377

The exercise of these share options would have no material effect on the reported earnings per share.

7 Interest Income

Interest income arose from the following sources:

	1980	1979
	(Dollars in thousands)	
Advances to dealers	$3,978	$2,921
Short-term investments	2,335	1,210
Mortgages	207	203
Other	658	440
	$7,178	$4,774

Interest earned on charge account receivables of Canadian Tire Acceptance Limited is included in gross operating revenue in the consolidated statement of income and retained earnings.

8 Operating Leases

As at January 3, 1981, the company is committed to minimum annual rentals (exclusive of taxes, insurance, and other occupancy charges) of properties under leases with termination dates extending to 2008. Under sublease arrangements, the majority of these properties are income-producing. The minimum annual rental payments required in each of the next five years are as follows (dollars in thousands):

Year	Minimum Annual Rentals	Year	Minimum Annual Rentals
1981	$5,716	1984	$4,350
1982	$5,568	1985	$4,033
1983	$4,961		

9 Related Party Transactions

Transactions with directors/shareholders who are associate dealers: The company conducts its merchandising business through over 330 retail stores which are operated by independent associate dealers, three of whom are also members of the company's Board of Directors. During 1980, the aggregate billing to those three dealers totalled less than 2% of the company's gross operating revenue. All transactions with these dealers and other associate dealers who may be shareholders of the company were in accordance with established corporate policy applicable to all dealers.

Loans from directors and shareholders: As disclosed in the consolidated balance sheet, the company has loans payable to directors and shareholders which bear interest at rates which approximate those payable by the company from time to time on its commercial paper borrowings.

10 Commitments

As at January 3, 1981, the company had commitments of $8,553,000 for the acquisition of properties and expansion of retail store facilities.

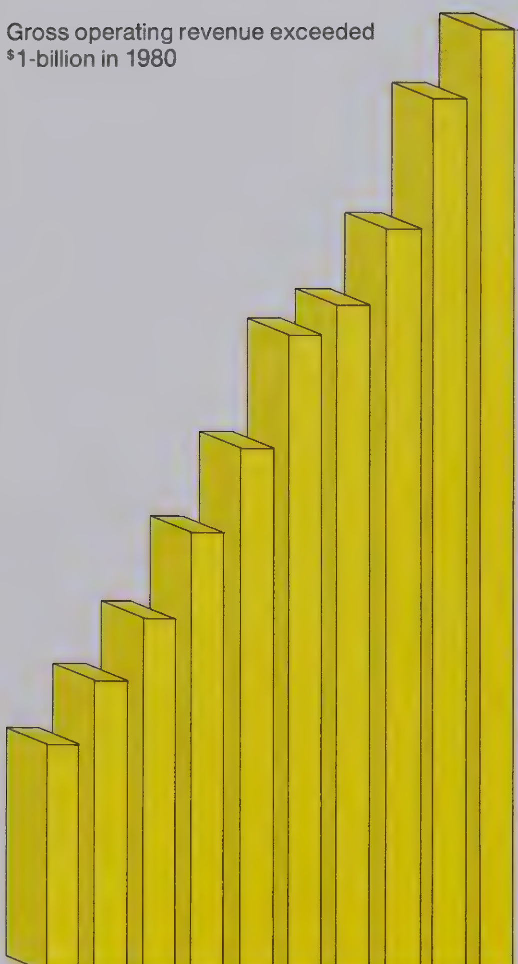
11 Remuneration of Directors and Senior Officers

The aggregate direct remuneration paid, or payable, by the company to the directors and ten (eleven in 1979) senior officers of the company, as a group, with respect to the fiscal year ended January 3, 1981 was $1,272,000 (1979—$1,498,000). In addition, the company paid an aggregate amount of $133,000 (1979—$116,000) to the Trustees of the Canadian Tire Deferred Profit Sharing Plan for the benefit of senior officers.

Ten-year review of performance

Dollars in thousands *(except per share amounts)*

Gross operating revenue exceeded $1-billion in 1980



A Company milestone was reached at the end of 1980 as our gross operating revenue exceeded $1 billion for the first time.

Our associate dealers passed a similar milestone in 1979 when their merchandise sales topped the billion-dollar mark.

	1980	1979
Comparative Income Statement		
Gross operating revenue	**$ 1,057,536**	935,753
Pre-tax income	**$ 72,240**	69,583
Taxes on income	**$ 34,513**	33,070
Income before extraordinary gain	**$ 37,727**	36,513
Extraordinary gain	**$ 901**	2,195
Net income	**$ 38,628**	38,708
Cash dividends	**$ 8,487**	7,017
Income retained and reinvested	**$ 30,141**	31,691
Comparative Balance Sheet		
Current assets	**$ 435,183**	343,372
Investments	**$ 44,151**	49,371
Net property and equipment	**$ 266,854**	244,496
Other assets	**$ 2,213**	2,582
Total assets	**$ 748,401**	639,821
Current liabilities	**$ 279,451**	211,903
Long-term debt	**$ 136,387**	136,361
Deferred income taxes	**$ 3,599**	3,822
Shareholders' equity	**$ 328,964**	287,735
Per share		
Income before extraordinary gain	**$ 3.07**	3.07
Net income	**$ 3.14**	3.26
Dividends	**$ .69**	.59
Shareholders' equity	**$ 26.75**	24.20
Statistics at year end		
Number of Associate Stores	**333**	319
Number of gasoline stations	**71**	64
Number of Class A shareholders	**8,665**	9,310
Number of common shareholders	**1,252**	1,315

1978	1977	1976	1975	1974	1973	1972	1971
798,717	718,114	683,684	561,032	472,323	378,587	309,174	246,758
53,938	52,240	54,698	50,119	44,174	33,020	30,745	25,531
25,163	23,750	26,147	24,843	22,823	16,689	14,763	12,818
28,775	28,490	28,551	25,276	21,351	16,331	15,982	12,713
694	1,000	369	517	130	79	118	242
29,469	29,490	28,920	25,793	21,481	16,410	16,100	12,955
10,435	5,800	5,175	4,217	3,292	2,944	2,499	2,166
19,034	23,690	23,745	21,576	18,189	13,466	13,601	10,789
312,831	277,894	243,726	209,085	158,973	113,502	98,440	80,756
1,823	1,014	1,011	2,633	5,105	3,715	3,399	6,691
235,989	218,209	177,534	144,256	119,779	92,402	69,893	55,394
3,620	4,026	4,729	2,542	1,533	1,003	1,063	1,484
554,263	501,143	427,000	358,516	285,390	210,622	172,795	144,325
165,040	134,511	131,638	99,379	102,096	79,795	58,357	44,787
138,377	142,317	100,453	95,072	46,876	16,361	15,956	15,764
3,382	1,512	96	575	—	—	—	—
247,464	222,803	194,813	163,490	136,418	114,466	98,482	83,774
2.49	2.50	2.54	2.28	1.95	1.50	1.47	1.18
2.55	2.59	2.57	2.32	1.96	1.51	1.48	1.20
.90	.51	.46	.38	.30	.27	.23	.20
21.40	19.59	17.32	14.73	12.43	10.49	9.06	7.74
314	314	303	295	287	283	269	260
62	61	58	58	54	52	49	45
10,435	10,248	10,035	10,060	10,467	10,250	8,626	7,064
1,450	1,417	1,418	1,465	1,528	1,514	1,268	1,188

CANADIAN TIRE ACCEPTANCE LIMITED

Statement of Loss and Retained Earnings

Year ended December 31, 1980

	1980	1979
		(Dollars in thousands)
Gross operating revenue	**$29,899**	$24,800
Operating expenses		
Interest on borrowed funds		
Short-term debt	**7,950**	6,140
Long-term debt	**3,667**	2,162
Net provision for credit losses	**6,949**	5,132
Other	**12,080**	10,544
	30,646	23,978
(Loss) Income before income taxes	**(747)**	822
Income taxes (recoverable)	**(358)**	419
Net (loss) income	**(389)**	403
Retained earnings, beginning of year	**5,910**	5,507
Retained earnings, end of year	**$ 5,521**	$ 5,910

Balance Sheet

December 31, 1980

ASSETS	1980	1979
		(Dollars in thousands)
Current assets		
Accounts receivable	**$ 3,039**	$ 1,775
Charge account receivables (less allowance for credit losses 1980—$3,321; 1979—$2,728)	**128,907**	111,474
Due from parent company	**351**	—
Income taxes recoverable	**357**	—
Prepaid expenses	**290**	169
	132,944	113,418
Property and equipment		
Fixtures and equipment	**2,222**	1,830
Leasehold improvements	**373**	367
	2,595	2,197
Less accumulated depreciation and amortization	**1,438**	1,084
	1,157	1,113
Promissory notes issue expense	**129**	21
	$134,230	$114,552

Officers

V. P. ALOIAN, Vice-President, Management Information Services

P. M. J. d'ANTONIO, Vice-President, Retail and Commercial Operations

P. C. DURNFORD, Vice-President and General Manager

R. LAW, Secretary

A. J. MANTLER, Assistant to Vice-President and Financial Analyst

L. M. MORRISON, Assistant to President and Comptroller

F. Y. SASAKI, Treasurer

B. R. WILSON, President

Statement of Changes in Financial Position

Year ended December 31, 1980

CANADIAN TIRE ACCEPTANCE LIMITED

	1980	1979
		(Dollars in thousands)
Sources of working capital		
Operations		
Net (loss) income	**$ (389)**	$ 403
Items not affecting working capital		
Depreciation and amortization	**361**	396
Deferred income taxes	**67**	(25)
Amortization of promissory notes issue expense	**28**	25
	67	799
Proceeds on disposals of property and equipment	**1**	7
Proceeds on issue of promissory notes — net	**4,500**	—
Proceeds on issue of preference shares	**3,000**	—
	7,568	806
Uses of working capital		
Additions to property and equipment	**406**	137
Promissory notes issue expense	**136**	—
	542	137
Increase in working capital	**7,026**	669
Working capital, beginning of year	**38,038**	37,369
Working capital, end of year	**$45,064**	$38,038

LIABILITIES AND SHAREHOLDERS' EQUITY	**1980**	1979
		(Dollars in thousands)
Current liabilities		
Bank loan (Note 2)	**$ 354**	$ 1,480
Accounts payable	**3,952**	6,583
Income taxes	—	93
Short-term promissory notes (Note 2)	**83,574**	67,032
Due to parent company	—	192
	87,880	75,380
Promissory notes (Note 3)	**27,000**	22,500
Deferred income taxes	**129**	62
Shareholders' equity		
Share capital		
Authorized		
3,000,000 5% non-cumulative preference shares of a par value of $10 each, redeemable at amount paid thereon		
200,000 common shares of no par value		
Issued and fully paid		
1,360,000 preference shares (1979—1,060,000)	**13,600**	10,600
100,000 common shares	**100**	100
	13,700	10,700
Retained earnings	**5,521**	5,910
	19,221	16,610
	$134,230	$114,552

Board of Directors

A. E. BARRON
J. W. KRON
R. LAW
J. D. MUNCASTER
B. R. WILSON

Approved by the Board:
B. R. WILSON, Director;
J. D. MUNCASTER, Director.

Notes to the financial statements

1 Significant Accounting Policies

Charge account receivables: Charge account receivables are due in terms not exceeding twenty-four months and, in accordance with recognized trade practice, are included in current assets.

Property and equipment: Property and equipment are stated at cost. Depreciation is provided under the declining-balance method at annual rates of 20% for fixtures and equipment, and 30% for computer equipment. Amortization of leasehold improvements is provided on a straight-line basis over a period of five years.

Promissory notes issue expense: Promissory notes issue expense is amortized over the terms of the promissory notes such that the stated interest together with the amortization will always yield a consistent effective borrowing rate.

Income taxes: The company accounts for income taxes using the deferral method of tax allocation, under which income taxes are provided in the year transactions affect net income, regardless of when such transactions are recognized for tax purposes.

Revenue recognition: Discounts on charge account receivables purchased from dealers are taken into revenue at the time the receivables are purchased. The accounts are maintained on a cycle-billing basis, and service charges are accrued each month on balances outstanding at the close of each cycle.

2 Short-term Promissory Notes and Bank Loan

The short-term promissory notes of the company are unconditionally guaranteed by its parent company, Canadian Tire Corporation, Limited. The company has available bank stand-by credit to cover its obligation for the repayment of authorized notes outstanding from time to time. In addition, the parent company has guaranteed any bank loan which the company may incur.

3 Promissory Notes

Promissory notes consist of the following:

9%, due April 15, 1982	$ 5,000,000
12½%, due February 5, 1985	5,000,000
13½%, due December 2, 1985	2,000,000
12½%, due February 5, 1990	7,500,000
12½%, due February 6, 1995	7,500,000
	$27,000,000

The promissory notes of the company are unconditionally guaranteed by its parent company, Canadian Tire Corporation, Limited.

4 Related Party Transactions

The company derives its operating revenue from administering the credit card program of its parent company, Canadian Tire Corporation, Limited.

In addition, the parent company shares in the costs incurred by the company in securing new card holders, and reimburses the company for certain costs of promotional programs initiated by the parent company including the introduction of the bank credit card program. The aggregate amount received by the company in 1980 for these costs was approximately $2.7 million (1979—$0.9 million).

Other significant transactions between the company and its parent company were as follows:

Accounts receivable purchased from the parent company for cash	$23,000,000
Preference shares issued to the parent company for cash	$ 3,000,000

5 Remuneration of Directors and Senior Officers

The total remuneration of directors and six (1979—six) senior officers, as defined in The Business Corporations Act, Ontario, was $432,000 in 1980 (1979 — $394,000).

6 Comparative Figures

Certain of the prior year's comparative figures have been reclassified to conform to the current year's presentation.

Deloitte Haskins+Sells

Auditors' report to the shareholders

To the Shareholders of
Canadian Tire Corporation, Limited
Canadian Tire Acceptance Limited

We have examined the consolidated balance sheet of Canadian Tire Corporation, Limited as at January 3, 1981 and the consolidated statements of income and retained earnings and changes in financial position for the year then ended (see pages 4 to 9). We have also examined the balance sheet of Canadian Tire Acceptance Limited as at December 31, 1980 and the statements of loss and retained earnings and changes in financial position for the year then ended (see pages 12 to 14). Our examinations were made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly a) the consolidated financial position of Canadian Tire Corporation, Limited as at January 3, 1981 and the results of its consolidated operations and the changes in its consolidated financial position for the year then ended, and b) the financial position of Canadian Tire Acceptance Limited as at December 31, 1980 and the results of its operations and the changes in its financial position for the year then ended, all in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Toronto, Ontario
March 18, 1981

Deloitte Haskins & Sells

Chartered Accountants

Capital expenditures third highest on record

Capital expenditures of $41.1 million for the year were the third highest in the Company's experience—exceeded only by 1977 and 1976 figures of $53.8 million and $45.5 million respectively.

Buildings ($23.6 million) and land ($11.4 million) were the two principal elements of our continuing expansion program across Canada. Fixtures, machinery and equipment, including additional computer facilities, totalled $4.9 million for the Company and its subsidiaries while various leasehold expenses accounted for the $1.2 million balance.

Net book value of property and equipment, after allowance for depreciation, was $266.9 million at year end—a 9.1 per cent increase over the year previous. Other comparative statistics are presented on page 10 of this Report.

17 new retail facilities built during the year

Fifteen stores in new markets and two replacements for existing outlets were completed in 1980. Seven of these new stores were in British Columbia (as listed on page 16), five in Alberta (Fort McMurray, Fort Saskatchewan, Lloydminster, Medicine Hat and St. Albert) and one each in the provinces of Manitoba, Ontario and Québec (Dauphin, Brampton and La Baie respectively).

Replacement store buildings were opened in St. Jean, Québec and New Minas, Nova Scotia, while the store in Bradford, Ontario was closed due to its proximity to a larger retail unit.

The number of Canadian Tire stores from coast-to-coast stood at 333 at year end—a net gain of 14 for the year.

Dealer-operated auto service bays numbered 2,931 at year end. An additional 47 bays are operated by our Petroleum Division for Pit Stop* lubrication and filter replacement services.

Major expansion or renovation projects were completed at eight locations in our on-going program of enlarging and upgrading existing store buildings.

The majority of store expansion and/or renovation projects and five new stores, principally in Alberta, were undertaken by our wholly-owned subsidiary, Tantalus Construction Company Limited, with offices in Toronto and Calgary.

** Registered Trade Name*

New store in Coquitlam, B.C. exhibits the current trend for the decor of our stores and gasoline-vending facilities as a whole.

Seven stores opened in British Columbia in 1980

With the opening of our first B.C. store on May 1st, Canadian Tire "drove the last spike" in a coast-to-coast retail network. In a May-to-December flurry of opening activity in the heavily-populated Lower Mainland area, seven Canadian Tire stores joined the west coast retailing scene—first in Langley, followed by stores in Chilliwack, Coquitlam, Maple Ridge, Richmond, Surrey and Vancouver proper.

An additional eight retail units are scheduled for 1981 opening in the province, including two in the interior, in a concentrated expansion program that will bring Canadian Tire products and automotive services to a large segment of the population. The facade treatment of these stores, emphasizing a broad horizontal stripe in 'Canadian Tire red', sets the current trend for the decor package of our new and refurbished retail outlets and gasoline-vending facilities as a whole.

All Lower Mainland stores built to date have compact 7,000 square foot retail areas and seven auto service bays. The down-sizing of this first generation of B.C. stores was dictated by our desire to provide convenient outlets in built-up localities where large building sites were not available. The decision was taken to blanket suburban Vancouver areas with compact retail and auto-servicing units, in contrast to our more common practice of providing fewer but larger stores with the capability of on-site expansion.

Feeder warehouse also built to service B.C. stores

In a departure from our usual pattern of individual store ownership, the Lower Mainland stores, warehouse and delivery fleet are operated by Pacific Associate Stores Limited, a company formed by two highly-experienced Canadian Tire dealers.

The centrally-located feeder warehouse, in Burnaby, is linked to the stores by sophisticated point-of sale equipment for efficient merchandise replenishment.

Strong emphasis on automotive and hardware lines

While the B.C. stores carry most traditional Canadian Tire product lines, there is a stronger orientation toward the automotive and hardware segments of our operation, as emphasized in the special edition of the company's catalogue delivered to homes in the Greater Vancouver area.

Of 41 stores west of the Ontario border, 18 were built during the past two years—an average of nine per year in our accelerated program to bring Canadian Tire products and services to entirely new market areas.

New pump-island kiosk is entirely pre-fabricated by a manufacturer of insulated materials and wall-panelings.

Adjoining service station is also pre-assembled with insulated wall panels for interior comfort at all temperatures.

—Photos by Dave Cole

Stores at year end by province

	1980	1979
British Columbia	**7**	0
Alberta	**14**	9
Saskatchewan	**10**	10
Manitoba	**10**	9
Ontario	**178**	178
Québec	**72**	71
New Brunswick	**13**	13
Nova Scotia	**18**	18
Newfoundland	**9**	9
Prince Edward Island	**2**	2
Total	**333**	319

Stencil-cutter prepares a store poster for silkscreening at Cantire Display Services, one of many departments providing merchandising support to our associate dealers.

New Home Centres add product variety

Three additional Canadian Tire Home Centres were opened on store premises in Toronto, Ottawa and Brantford, Ontario, and six more are scheduled to be in operation by 1981 mid-year. With both material and labour costs rising sharply, the market for building supplies and home-improvement products is expected to flourish.

Our Home Centres are stocked principally with building products of do-it-yourself interest: insulating materials, wall partitions and paneling, wall and ceiling tiles, floor coverings, cabinets, etc.

Innovative approach to new gasoline-vending facilities

Our Petroleum Division increased its locations to 71 during the year, opening seven gas-vending facilities in eastern markets (six in Ontario and one in Québec). Two existing Ontario service stations were completely rebuilt.

Dramatic innovations were made in our "modular approach" to gas station construction. Pre-assembled gas-island kiosks, supplied by a manufacturer of insulated building materials, greatly reduced initial costs and installation time. These all-inclusive units were pre-fabricated with urethane-insulated metal wall panels, finished in our new horizontally-striped decor package. The same construction process was used for two Pit Stop* service stations, equipped with lubrication bays, in Toronto and Peterborough, Ontario.

The factory-supplied gas-island facilities are both extremely energy efficient in winter and comfortably cool in hot weather. With energy costs on the increase we are, in effect, protecting ourselves against higher prices by taking advantage of the energy-conserving building materials now being developed.

Various equipment suppliers were approached regarding gasoline dispensers to more effectively record sales between the pump and the cashier's control console. Multi-hose dispensers are under consideration to make all gasoline grades available at all filling positions.

The Petroleum Division continued research into the increased sophistication of its point-of-sale equipment. A terminal is being programmed to validate documents, issue detailed receipts, print-out inventory records, maintain control of transactions and inventory, accumulate and store information and update history records.

Once on-line and linked to a host computer, point-of-sale units will track the flow of merchandise, control the extent of product-and-dollar shrinkage, provide rapid analyses of promotional campaigns, and determine changing consumer preferences for our Petroleum Division's automotive products.

** Registered Trade Name*

Distribution centre opened in Edmonton

An 80,000 square foot warehouse was opened in Edmonton in mid-year to service stores in the three westernmost provinces—British Columbia, Alberta and Saskatchewan. The new facility is on-line with the Home Office computer in Toronto for purposes of distribution and inventory control.

In addition to its primary warehousing function, the Edmonton facility will draw on western sources for products which present shipping difficulties due to their bulk or weight. Oil, anti-freeze, batteries, fertilizer and building products fall into this category. Localized supply sources, combined with expansion of the Edmonton warehouse's distribution function, will minimize product returns back to our main distribution centres in Toronto and improve transportation efficiency overall.

In connection with our Home Centres (see report on page 17), a significant number of new building-supply products were introduced in 1980—requiring the development of new materials-handling techniques at our Mississauga and Sheppard Avenue distribution centres.

At both of these distribution facilities, outgoing merchandise systems were refined in an on-going program to increase efficiency and improve delivery time from Toronto to our steadily growing family of dealers across Canada.

Third Auto Parts Depot opened in Edmonton

A third parts-supply depot was opened in Edmonton, joining those in operation in Toronto and Montréal, and a fourth will open early in 1981 in Moncton, N.B.

Some 25,000 different auto parts are available through these depots for immediate shipment to our stores and delivery is made anywhere in the country within two days of receiving an order, either via our own carrier fleet or by private courier service.

In addition to replacement parts and remanufactured components, the depots have made available a complete range of custom, performance, off-road and recreational-vehicle equipment from leading manufacturers. Fibre-glass body components—from replacement fenders to visors—and a complete snowmobile parts and accessories line have also been added to stock.

Recent growth in this segment of our business, tied in as it is with our own remanufacturing and shipping facilities, gives even our most remote stores access to one of Canada's largest automotive inventories and data banks.

Product lines expanded at Cantire Products Limited

Heavy demand for reconditioned automotive products continued, enabling Cantire Products Limited to achieve record-setting sales with profits close to those of last year. Our remanufacturing subsidiary's operating revenues and earnings are included in the consolidated financial statements for the year.

Product-line enlargements and improvements in assembly techniques, undertaken at Cantire's four Toronto-area plants, increased productivity substantially and provided for the addition of windshield-wiper motors and clutches for the automotive aftermarket. All product lines were broadened for better coverage of the increasing number of imported vehicles.

Strong demand for Cantire's wide product range is expected to continue, both from our own dealers and a growing number of outside accounts.

A Cantire Products technician tests windshield-wiper motors, the most recent addition to our line of remanufactured parts for the automotive aftermarket.

Insulated trailers added to carrier fleet

During the year, our rolling-stock replacement program involved the purchase of 20 insulated trailers for temperature-controlled transportation needs. Increased efficiency of our truck and trailer fleet—one of Canada's largest private carrier systems—enabled us to maintain total transportation units at the level of the past several years.

Streamlined wind deflectors, designed to improve the aerodynamics of our trailer units and enhance road stability, were custom-installed on 400 trailer fronts during the year. These *Windtamer* deflectors are now installed on new trailers as a matter-of-course to reduce fuel consumption by a conservatively estimated 5 per cent.

Since the Canadian Tire fleet consumes 1½ million gallons of fuel per year, installation of the wind deflectors will save approximately $70,000 annually at current fuel prices.

Fuel-saving wind deflector was installed on 400 trailer-body fronts. The streamlined unit improves the aerodynamics of trailers by reducing wind resistance at highway speeds.

Visa and MasterCard come to Canadian Tire

In June of this year, our stores across the country began accepting Visa and MasterCard bank credit cards in addition to the Canadian Tire card.

Our own credit program began in 1966 with the purchase of a finance company located in Welland, Ontario which later became Canadian Tire Acceptance Limited.

To date, upward of 1,750,000 retail and 170,000 commercial accounts have been established. More than one out of five dollars in retail sales is on a Canadian Tire Acceptance card.

The Acceptance Company will process all credit sales and Visa and MasterCard transactions will be compiled on magnetic tape for forwarding to the appropriate banks.

A recurring theme in our advertising, particularly in television commercials, will emphasize to customers that "There's a lot more to Canadian Tire than tires."

Expansion of our computer technology continues

Our MIS (Management Information Services) group implemented new, on-line inventory management, purchase order and automotive systems during the year. These programs improved our capability to manage our inventory investment and simultaneously enhanced merchandise availability to our stores and customers across Canada.

The program of installing point-of-sale equipment in associate stores continued during the year. POS systems provide stores with a cost-effective tool for maximizing sales through improved inventory-management and merchandise-handling systems.

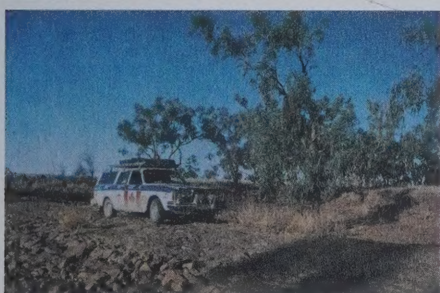
To keep apace of our two-way data communications needs with the 140 stores that have installed electronic point-of-sale equipment to date, the number of communication lines was doubled from four to eight and the speed of communications on these lines was doubled to 600 characters per second. This stepped-up data communications network collects orders and sales from our on-line stores and sends out receiving, pricing and inventory-control information from our central computer facilities.

Other areas of development were the enhancement of our on-line distribution system, to accommodate the new Edmonton warehouse, and supplying consumer price tickets to stores not yet equipped with in-store computers.

Providing pre-printed price tickets to dealers has contributed to significant productivity improvement in merchandise receiving and ticketing procedures.

High-speed Xerox Laser Page-Printing System, installed during the year, combines printing of forms and data at a rate of two pages per second directly from the computer.

With a capacity in excess of 15-billion characters, these Direct Access Storage units support two-way store communications and interactive terminals at our Home Office and distribution centres.



CANADIAN TIRE

Our Safety 99 radial tire has a new world record under its belts. A Canadian driver-navigator team put these tires on the map by circumnavigating the globe in a record-breaking 74 days. Story on back cover.

Summer and winter SAFETY 99's were selected for ***ODYSSEY 77 World-Challenge*** to circumnavigate the world in record time.

There's a lot more to Canadian Tire than tires

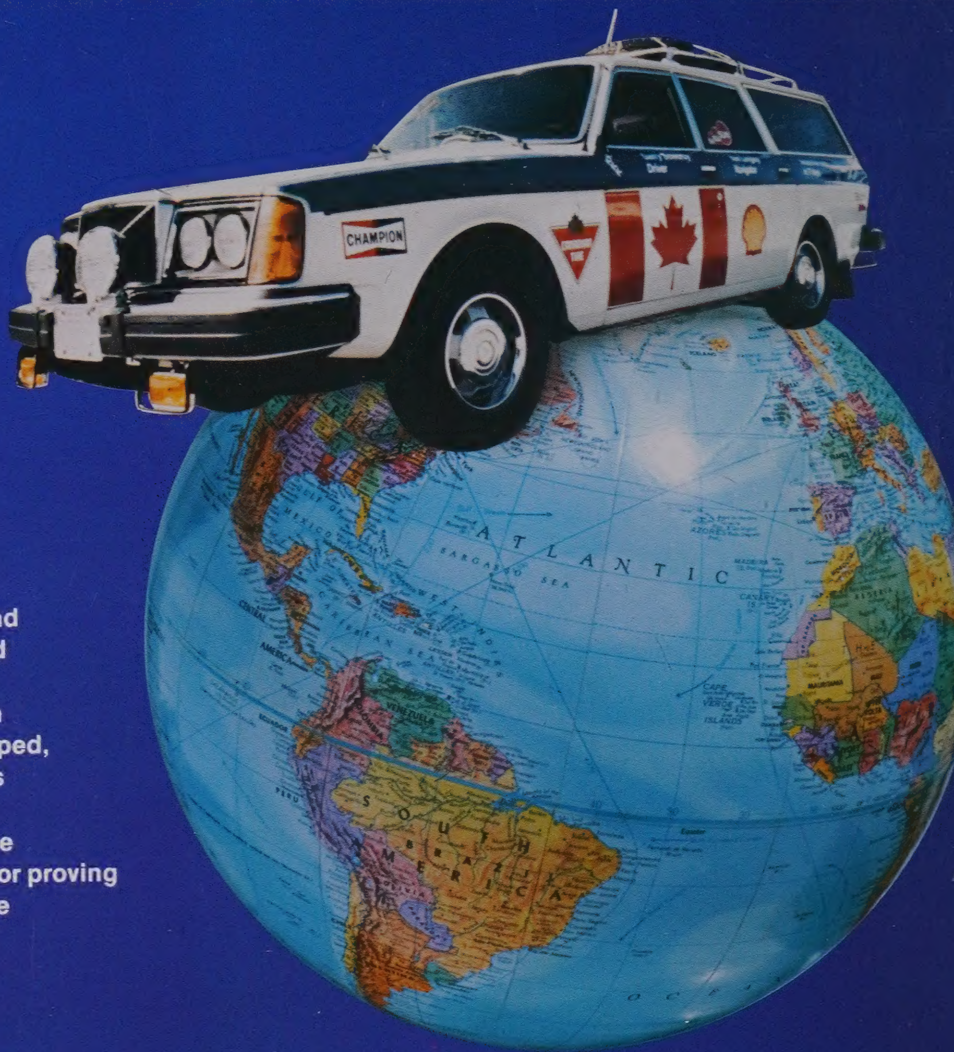
On September 6th, 1980, a Canadian driver-navigator team climbed into their station wagon at Toronto's CN Tower to challenge the time record for circumnavigation of the world by land vehicle.

ODYSSEY 77 World-Challenge, the official name of the widely-publicized expedition, required that one driver cover a distance equivalent to the earth's circumference at the equator (26,514 miles or 42,200 km).

Seventy-four days later, driver Garry Sowerby and navigator Ken Langley had shattered the previous round-the-world time of 102 days by four weeks.

Our SAFETY 99 radial tires, with which their heavily-loaded vehicle was equipped, played a prominent part in the success of this remarkable venture.

As one of their sponsors, Canadian Tire congratulates the *ODYSSEY 77* team for proving the 'world class' of the Canadian-made products we sell.



Printed in Canada